

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:5361
ANSWERED ON:28.08.2001
SUBSIDY ON CHEMICAL FERTILIZERS
NAWAL KISHORE RAI;RAMJI LAL SUMAN

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) Whether any cases have been reported to the Government regarding charging extra amount of subsidy than prescribed amount by the producers of chemical fertilizers in the past few years;
- (b) if so, the number of such cases reported during 1998-99, 1999-2000 and 2000-2001; and
- (c) the total additional amount recovered during the said period?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) to (c): The Government is seized of the matter relating to excess drawal of subsidy by some urea manufacturing companies on account of understatement of capacity of their units. The Government had appointed a Committee of Experts under the chairmanship of Dr. Y.K. Alagh to address the total issue of reassessment of capacity including recoveries that may have to be effected. The Committee has submitted its report on 29.3.2001. Pending the Government's decision on the report of Dr. Alagh Committee, an interim reassessment of capacity of high capacity urea units has already been carried out w.e.f 1.4.2000, which would result in a saving of Rs. 430 crore per annum approximately.

Besides, the excess drawal of subsidy on account of non-revision of consumption norms has also been reported. On the basis of the recommendation of the Joint Parliamentary Committee in 1992, the consumption norms were not revised in the 6th Pricing Period which was extended till 30.6.1997. Changes in the pricing policy parameters have been under the consideration of the Government. The Department of Fertilizers is also engaged in an exercise of updating and revising the norms for the various parameters relevant for the Retention Price-cum-Subsidy Scheme covering the period from 1.7.1997 onwards. Pending the approval of the competent authority to proposed revision of norms, the subsidy is being given to the units on the basis of the existing parameters.